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Remarks prepared for delivery by Secretary of Agriculture John R. Block before the National Governors' Association's 74th Annual Meeting in Afton, Oklahoma, August 9, 1982 []

I want to briefly assess, and put into perspective, our nation's agricultural situation—past, present and future. A week ago last Friday, I was to deliver similar remarks to a meeting of state legislators. I had to cancel that appearance, but it was for a very good reason.

That was the day President Reagan reaffirmed his commitment to farmers that he would work to build—not destroy—world markets for their products. I'm certain you're aware of the offer he made to extend the current grains agreement with the Soviet Union, and I'll talk more about that later.

U.S. Right now a lot of people are paying close attention to the agricultural situation and two basic concerns dominate much of the talk—especially among farmers and ranchers.

First, they're talking about the recession—and that means they're talking about the high cost of money. Agriculture, not unlike any other industry, has seen interest costs take too big a bite out of their gross income. Secondly, they're talking about expanding our exports to relieve some of the market pressures we're experiencing.

But before getting into these areas, let me make a general observation about the overall economic condition. I won't press this point—you've heard it before—but it does need repeating. No one ever promised that we would get this economy turned around in just a few months. Problems this big don't go away that fast.

We've seen the road stretched out before us and we know the direction that has to be taken. Keep one thing in mind: The economic recovery program should not be judged by the length of time it takes to reach recovery. Instead, the length of time it takes for recovery tells us how critical our economic troubles were in the first place.

Just to give you an example of how severe the situation has been, look at it this way. If we were to reduce the national debt by \$1 million per day—I said per day—it still would not be paid off until the year

4722. That would mean 2,740 years of budget surpluses. Looking at it in another way, if we weren't saddled with the interest payments on that debt, the 1983 federal budget would almost be in balance.

No matter how you analyze it, there's only one reason for this: government has spent too much money. It tried to be everything to everybody. It was a high stakes wager—that government could buy prosperity—and they lost.

Granted, we still have a few people around who still think government can throw money at our problems. We're fighting attempts to do this all the time.

I want to tell you something: Farmers don't want artificial prosperity built on government dollars. There's not a whole lot of security in hanging on to Uncle Sam's money rope. What farmers really need and want is a solid economic foundation. There's only one place where they can find that foundation. It's in the market place.

That's not just my opinion, it's a recorded fact. All we have to do is look at the history of agriculture to see that farmers have been helped most by expanded markets. Let me give you a few examples:

The run-up in crop prices between 1940 and '47 was related to war-time and post-war increases in exports. In 1951 we had another run-up, and again it was related to the impact of demand around the world.

In 1954 we witnessed a spurt of activity, mainly because of the PL 480 legislation and expectations of sharply expanded exports in developing countries. Then, in 1963 and '64, a run-up in prices occurred because of export increases to the Soviet Union and India. And, of course, we all remember the price increases that occurred after the Soviet grain sales 10 years ago.

The message is crystal clear. Domestic policy, weather and domestic demand factors have had substantially less impact on the farmer's crop-input price ratio. In fact, that ratio deteriorated sharply over most of the '50s, had the most extensive government production control programs.

I'm not suggesting government farm programs don't have a place. But I am saying these programs should be designed to allow the market place to function as freely as possible. Again, there are those who think that a quick fix is the answer. They're coming up with all sorts of legislation, but we can't let them pour poison into the wound. History

tells us that the answer is in the market place, and I will not withdraw from that conviction. I am very sincere about this, and I will fight to protect this principle. I will not let government destroy this industry.

For one thing, we're going to beat down those interest rates—just like we did inflation. We've come a long way since inflation peaked at 16.5 percent in 1980-81. That really hurt us. Well, we've gotten it down now to about seven percent and the trend downward is expected to continue. In fact, current indications are that farm production expenses will rise only two or three percent this year. That's the lowest rate of increase since 1964.

As for interest rates, I think we were all pleased to see how the prime rate has eased downward during the past weeks. It's not where we want it yet, but any movement in that direction is good news for agriculture. Look at it this way: Every one percentage point decline in the interest paid on the outstanding farm debt will raise net farm income by 10 percent. Not only that, but a reduction in interest rates also will boost export demand for farm products. And that's something we all want to see happen.

When I say "we," I have to put President Reagan at the very front of the list. If any of you heard about his speech in Des Moines last Monday—and I know that many of you did—then you know how he feels about agricultural exports.

He not only offered the Soviet Union an extension of our grains agreement but he also authorized us to begin exploring the possibility of additional grain sales, over and above what is called for in the agreement. In other words, we're doing everything we can to re-establish ourselves as a reliable supplier and to regain the market that was given away during the Carter grain embargo. The president himself said in Des Moines, and these are his words, "the granary door is open."

"At home and abroad," the president said, "we are committed to assuring the American farmer a market that will reward his investment and hard work, not punish him for his incomparable success." I can assure you the president means what he says.

We must also keep in mind that the market includes more than just the Soviet Union. There's a whole world out there, and with your help

we're going to get the share of the market that we deserve. But it's going to take a lot of work. We can't let up.

Over the years, the U.S. Department of Agriculture has worked closely with the agricultural departments in your states to promote exports, especially value-added products. These products are processed, milled, refined and made consumer-ready in your states, and this contributes directly to your economies by adding more jobs.

Among the ways used to promote these products are overseas food promotions and trade shows. For the next year, we are involved in something new: a national export food show sponsored by the National Association of State Departments of Agriculture. This show—next May in Atlanta—will enable food exporters to show their products to a large number of foreign buyers, without the costs of foreign travel.

What we are shooting for is a permanent increase of \$100 million in exports of value-added products. We need to present a large variety of American food products in Atlanta, and I hope your states will actively support it.

In exports, as in many other areas, the ball is really in your court. Your constituents are the ones who plant and harvest the crops. Your businesses process the crops, and the exporters in your states are the ones who carry the order books.

In Washington, we're going to do what we can to help, but that's all. The federal government isn't going to steal the ball from you again. This administration is looking for more state and federal cooperation. That is the key.

In all areas of government, we are going to get back to what this union of states is all about. The real success of this nation came from the decisions made by you and your predecessors, not by those in Washington, D.C.

That is the way it will again be in the future. And I sincerely hope that history will record a tremendous success story for you.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

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Statement by C.W. McMillan, Assistant Secretary of Agriculture, U.S. Department Of Agriculture before the Senate Committee on Agriculture, Nutrition, and Forestry, Subcommittee on Agricultural Research and General Legislation, August 11, 1982 []:

Mr. Chairman, I am pleased to be here today to discuss S. 2348, a proposal to give the secretary of agriculture expanded discretion to determine the intensity of inspection provided to individual meat, poultry and egg processing plants. In the interest of time, I would like to summarize my statement and to ask that the full text be made a part of the record.

✓ The [proposed changes in the Federal Meat Inspection Act, Poultry Products Inspection Act and Egg Products Inspection Act] would give the secretary authority to adjust the staffing of inspection personnel in processing plants based on the compliance history of the company, the nature and frequency of the company's operations, the adequacy and reliability of the company's product monitoring system, and other factors the secretary deems appropriate. Under the law as it is now written, federal inspection is normally provided on a daily basis in all processing establishments, regardless of these considerations. We in the department believe consumer protection would not be jeopardized by a change in staffing at certain processing operations, and we would be able to make better use of inspection resources.

Because of differences in the inspection systems, I would like to address the proposal to amend the FMIA and PPIA separately from that to amend the EPIA. I will begin with the FMIA and PPIA.

As you know, the Meat Inspection Act of 1906 charged the U.S. Department of Agriculture with responsibility for the inspection of meat and meat products prepared for human consumption and intended for distribution in interstate and foreign commerce. The legislation was passed in response to the shocking conditions uncovered in slaughterhouses and meatpacking plants at the beginning of the century. The PPIA, enacted in 1957, requires, with certain exceptions, federal inspection of all poultry and poultry products produced for human

consumption for distribution in interstate and foreign commerce. No substantial changes occurred in the meat inspection law until the passage of the 1967 Wholesome Meat Act, which updated and greatly strengthened the Meat Inspection Act, consolidating it into the FMIA. Similar legislation was passed for poultry in 1968.

Today USDA's Food Safety and Inspection Service performs three basic types of meat and poultry inspection—ante-mortem and post-mortem slaughter inspection and processing inspection. I would like to emphasize that the proposal to give the secretary discretion in determining the frequency and extent of inspection would apply only to the inspection of processed meat and poultry products. It would not affect slaughter inspection. An inspector would still be required to be present during all slaughter operations and to inspect every livestock or poultry carcass.

Processing involves any activity beyond slaughter—including cutting, boning, grinding, canning, curing, smoking, salting, packing, refining and rendering. Although the chilling and storage of whole carcasses traditionally have been considered slaughter operations, the FMIA and PPIA do not specify these procedures as part of post-mortem inspection. Therefore, at some point USDA may want to include the inspection of these procedures in the less-than-continuous program.

At the time of the passage of the 1906 Act, processing beyond slaughter tended to consist of relatively simple operations, such as cutting and boning of whole carcasses, the production of a few types of sausages and the curing and smoking of ham, bacon, and other meats. The inspection of processing operations tended to be viewed at the time as merely an extension of slaughter inspection, in which the product to be inspected moves past the inspector on a production line. So strong was this orientation toward slaughter inspection that the language in the Meat Inspection Act and the FMIA that required inspectors to "mark, stamp, tag or label as 'Inspected and passed' all such [meat food] products" applied to both slaughter and processing inspection.

A narrow interpretation of this language could mean that a USDA inspector must personally and literally inspect every frankfurter or piece of luncheon meat produced before it could be considered "Inspected and passed." USDA has never interpreted the language so narrowly in

the administration of the act. Given the abuses in the meatpacking industry at the time of the 1906 legislation, however, USDA decided the act necessitated, in general, the daily, continuous presence of government inspectors in both processing and slaughter establishments. Its position on this intensive level of inspection is supported in the legislative history of the Meat Inspection Act and the FMIA, as well as by subsequent opinions of USDA's Office of the General Counsel over a number of administrations.

Section 6 (b) of the PPIA gives the secretary certain discretion in determining the level of inspection of processed poultry products. When the PPIA was enacted, continuous inspection of the processing of poultry products was considered necessary. Because of recent changes in the processing industry, we believe that less-than-continuous inspection is now a practical and effective approach to the inspection of both meat and poultry products. Thus, the legislative proposal incorporates the same language regarding the criteria for processing inspection in the PPIA and the FMIA.

Although in the early part of the century most inspection was conducted at slaughtering rather than processing establishments, over the years, and particularly since World War II, the meat and poultry industries began using an increasing part of the total meat and poultry supply in the production of complex processed products. Recent years have witnessed a growing demand for processed convenience foods. Moreover, during the 1960's and 1970's, consumers became increasingly interested in a diversity of processed foods and came to expect products that are both attractive and uniform. When consumers go to the grocery store, they expect that a certain brand of hot dogs or frozen dinners will have a certain taste, aroma and appearance, and they expect the quality to be consistent, package after package. Further, the fast-food industry was built on the concept of product uniformity.

During the rapid growth years of the processing industry, many companies tended to rely on USDA inspectors to control the quality of their products. In other words, inspectors became the eyes and ears of plant management and were depended on to intervene when production problems arose. With increasing consumer interest in uniformity and consistency in processed products, however, some firms realized that to fulfill consumer expectations they would need more sophisticated

procedures for controlling production than USDA inspectors provided. By the 1960's some meat and poultry processors were designing systems—called "process quality control"—specifically for controlling the production process and for producing products at predictable costs and in conformity with USDA regulatory requirements.

Quality control systems establish well-defined criteria and procedures for the manufacturing process, for evaluating the products at various stages of production, for evaluating finished products, and for recording the data and information generated in a manner that details the entire production process. Quality control is now common to all industries, whether companies manufacture television sets or hot dogs. Under quality control certain key points in production are monitored. Any variations at those points beyond established ranges, if not corrected, may result in a finished product that does not conform to predetermined requirements.

Companies have found that quality control systems provide a cost-effective and efficient means of producing a consistent product and ensuring compliance with regulatory requirements. In addition, quality control has provided industry with increased protection in the area of product liability. In fact, industry has compared quality control to "a processor's insurance policy." By minimizing production delays, reprocessing or relabeling of product, and product recalls or condemnations, quality control reduces production costs and increases efficiency.

As the meat and poultry processing industries expanded to meet consumer demand, USDA's inspection responsibilities also grew substantially. During the last decade, the number of federally inspected meat and poultry processing plants increased 60 percent, from about 4,300 in 1971 to about 6,800 in 1981. The total cost of processing inspection almost tripled, increasing from \$28 million in 1971 to \$76 million in 1981.

A trend toward small, specialized processing plants has accompanied this growth in numbers. About 70 percent—4,900—of meat and poultry processing establishments under federal inspection are small—producing less than 3 million pounds of product a year. The large number of such plants under inspection strains the use of resources because of the necessity of providing daily inspection to plants whose production or

product complexity may not justify the assignment of a full-time inspector. To cope with the problem, USDA has established "patrol" inspection. Under the patrol system, inspectors do not spend a full day in an establishment but are responsible for several plants within a geographical area and visit each plant at least once a day. Today, about 58 percent of processing inspectors are on patrol assignment, inspecting an average of five plants each. In all, about 90 percent of processing plants are inspected on a patrol basis. Because USDA has been aware of the changing character of the industry and the need for adapting inspection to industry trends, it has taken steps in other areas to modernize meat and poultry inspection and hold down costs. However, to achieve further improvements and efficiencies in the inspection program without sacrificing effectiveness—particularly in slaughter inspection, USDA began to look to changes in processing inspection as a safe and appropriate way to meet future resource demands.

Perhaps the most far-reaching response of USDA to the changing trends in meat and poultry processing has been the development and implementation, in August 1980, of the voluntary Total Quality Control—TQC—program. This approach to processing inspection was recommended in 1977 by the consulting firm of Booz, Allen, and Hamilton and in 1977 and 1981 by the General Accounting Office.

In traditional inspection, USDA inspectors work largely through direct observation and collection of samples of finished product to determine compliance with the regulations. The emphasis is essentially on detection of noncompliance with USDA regulations. Little emphasis is on prevention. USDA adopted the TQC program because it recognized the value of an approach to inspection that emphasizes preventing noncompliance. Under the TQC program, plant management develops a plan that establishes organized controls at each critical phase of product handling and processing and that provides for the generation of data at the control points. USDA evaluates the plan to assure that the system will consistently produce products in compliance with regulatory requirements. Once a plan is approved, USDA inspectors trained in TQC inspection monitor the data generated by the system. Inspectors also conduct their own independent observations and draw samples for verification testing in USDA laboratories.

Although the TQC program is still relatively new—as of the end of June, 70 plants had been approved for participation—we believe that the program is proving itself. Our experience with TQC has shown us that it is not always necessary for government to stand over industry’s shoulder, pointing out every deficiency and, in effect, acting as industry’s quality control system. Industry, for its part, has proved that it can and will assume its share of responsibility for producing products that are safe, wholesome and in compliance with regulatory requirements. By taking advantage of the technology developed by industry, government is able to improve the efficiency of inspection without any loss in effectiveness. However, under present law, USDA continues to provide daily inspection in plants under the TQC program. Before we can gain the full benefit of product monitoring systems, we need additional flexibility in the allocation of meat and poultry inspection resources. We believe that the legislative proposal before you today would give us that flexibility.

If the proposed legislation were enacted, inspectors would continue to sample products for laboratory testing, check to see that facilities meet sanitation requirements, and monitor processing procedures. The difference is that the legislation would give USDA the authority to determine the nature and frequency of inspection at each processing establishment. USDA would no longer be locked into providing continuous inspection to processing plants, as it is today. In those cases in which plant management has demonstrated it is both willing and able to assume a greater share of responsibility for product compliance, we believe it is not necessary for USDA to inspect on a daily basis. The legislation would enable USDA to develop a more efficient system of inspection than is now possible, and to tailor that system to actual inspection needs.

We are aware that concern has been expressed that small plants would suffer under the less-than-continuous inspection proposal because they would not have the resources to implement the necessary

quality control systems and thereby gain the benefits of a reduced regulatory burden. We believe small plants would be able to participate in the program. From our experience with USDA's TQC program, we have found plants of every size and complexity can adopt quality control systems without undue expense or burdensome technical requirements.

It should be emphasized that the proposed legislation places no new requirements on the regulated industry. It does not impose mandatory quality control systems, as some industry representatives have charged. Rather, the legislation is limited to giving the secretary increased flexibility in using inspection resources, based on sound criteria. While it is true that the bill would permit the regulatory burden to be eased in plants operating good quality control systems, the decision to implement such systems remains totally with the industry.

The availability of a quality control system constitutes only one of the factors that would be used to determine eligibility for less-than-continuous inspection. As required under the bill, the nature and frequency of an establishment's processing operations and the establishment's compliance history also would be important considerations in determining the frequency of inspection. Great weight would also be given to management's attitude toward and ability to deal with sanitation and other product safety requirements.

However, specific requirements surrounding these criteria would be spelled out during rulemaking should this legislation be enacted.

The legislation would also change the wording of the mark of inspection from "Inspected and passed" to "Prepared in a USDA-inspected establishment." The legend now in use certifies that a product has been produced in conformance with all applicable meat and poultry inspection laws and regulations. The adoption by industry of quality control systems and the sheer volume of processed products produced in recent years has shifted the focus of meat and poultry inspection away from the product itself and to the process by which the product was produced. Thus, even under the current provisions of the law regarding continuous inspection, the proposed change in the legend might be more appropriate than the "Inspected and passed" legend.

However, we recognize that changing the inspection legend after many years of use by USDA may result in unnecessary confusion to the public.

We at USDA would welcome any suggestions for improvement that you might have in this area, as in all other areas of the legislation. If the Congress would choose to make no changes in this provision, that would be acceptable to USDA.

Because quality control inspection is both more efficient and more effective than traditional inspection, consumer protection would be maintained under a less-than-continuous system of inspection. In fact, we feel it probable that consumers could enjoy increased confidence in inspection, since more objective data is used in monitoring adherence to regulatory requirements under quality control inspection than under traditional procedures. In addition, the requirement that we have an inspector in a plant every day regardless of the plant's performance or product detracts from the time inspectors are able to spend in operations that require more attention than others; less-than-continuous inspection would allow us to focus inspection resources on such areas.

Although conversion to a less-than-continuous system of inspection may produce some costs to industry, the benefits would far outweigh those costs. For example, in fiscal year 1981, processors paid more than \$12 million for inspector overtime. Analysis of data from 35 plants in the TQC program has shown that overtime charges have been reduced 67 percent; we would expect industry's savings in overtime charges would be even greater under less-than-continuous inspection. Probably more important than savings in overtime charges are the savings that would accrue to industry from the voluntary introduction of quality control systems. For example, after joining the TQC program one processing firm estimated that it had saved \$2,500 a month under the TQC program because it had tightened net weight controls and reduced excess weight in its finished containers.

On the question of benefits to government, USDA has estimated that implementation of the less-than-continuous inspection proposal would save \$2 million in fiscal year 1983; that saving is reflected in the administration's budget request of \$319.9 million for FSIS. In all, enactment of the legislative proposal would save \$104.7 million over the next 7 years. We also estimate the number of processing inspectors

would decrease from 2,215 in fiscal year 1982 to 1,077 in fiscal year 1989. These savings and workforce projections are based on the assumption of a 5.5 percent rate of attrition among processing inspectors, and we anticipate that the change in inspection would be accomplished through this normal attrition in the workforce.

Some parties—including GAO and Booz, Allen, and Hamilton—have suggested that civil penalties be adopted under a less-than-continuous inspection program. Although we agree with their suggestions in many areas, we do not believe that civil penalties would be necessary under the program. The less-than-continuous inspection proposal was designed to enable us to allocate inspection resources more efficiently and effectively than is now possible. If we believed that the proposal would create gaps in the inspection program and greater opportunities for chicanery, we would support the concept of civil penalties. Our experience has shown, however, that the effectiveness of inspection depends less on the number of hours an inspector spends in an establishment than on the commitment and ability of the firm to produce a safe, wholesome, and properly labeled product. Under the proposal, inspectors would be spending more time where inspection violations are likely to occur and less time in establishments with a demonstrated ability and willingness to comply fully with regulatory requirements. In addition, the proposed legislation gives the Secretary the option of increasing inspection coverage of any establishment in the less-than-continuous inspection program whenever necessary.

Further, the FMIA and PPIA and their implementing regulations give the USDA various sanctions that it may apply to prevent adulterated and misbranded meat and poultry products from being distributed in commerce. We believe those sanctions are both strong and flexible enough to enable USDA to deal effectively with the spectrum of offenses that may occur.

Over the years, USDA has applied these tools vigorously and consistently and would continue to do so under a system of less-than-continuous inspection.

Mr. Chairman, I would now like to address the proposal to amend the Egg Products Inspection Act. The act consists of two major portions—one dealing with the continuous inspection of processing operations of plants manufacturing liquid, frozen, and dried egg

products and the other involving periodic inspections of egg handlers to determine the disposition of certain types of undergrade eggs.

I would first like to discuss continuous inspection of processing operations. During the 11 years that this part of the act has been in effect, USDA has gained valuable experience in administering the program. We now believe that certain types of processing operations need not be covered on a continuous basis to maintain an effective inspection program. The present act requires continuous inspection of the processing of liquid, frozen and dried egg products. Processing is defined as "breaking eggs, filtering, mixing, blending, pasteurizing, stabilizing, cooling, freezing, drying or packaging" egg products. We are now furnishing inspection on all shifts (146), in the 115 egg products plants when any of these processing operations take place.

Our experience has shown that the key to a successful egg products inspection program is controlling the quality of the eggs to be broken. In other words, we have to make sure unfit shell eggs, such as dirties, leakers, losses, inedibles, and incubator rejects, are not broken and used in the manufacture of egg products. To do this we must maintain continuous inspection of the breaking operation. The proposed legislation clearly sets forth that this requirement will be retained in the law. On the other hand, we believe that the processing operations other than breaking can be covered on a spotcheck basis without adversely affecting the inspection program.

Under the proposed amendments, all plants would continue to be covered daily, but inspection coverage of the 34 shifts where no breaking takes place would be substantially reduced. By so doing, we can reduce costs by about \$525,000 a year. The compliance history of each plant would be of primary importance in determining the amount of the plant's inspection coverage.

Now, I would like to turn to the shell-egg portion of the act—an area where about \$975,000 per year could be saved if the proposed amendments were adopted. Under the act and regulations, every shell-egg grading plant that packs eggs for the ultimate consumer as well as every hatchery is required to be inspected quarterly. Other egg handlers are inspected less frequently. This past fiscal year about 17,500 inspection visits were conducted.

During the 10 years that the shell-egg portion of the EPIA has been in effect, USDA has accumulated compliance histories of egghandlers subject to the act. Under the present statute, handlers with good records of compliance as well as those with poor compliance histories have to be inspected at least once each quarter. We believe such a requirement is unnecessary in most instances. The proposed amendments would authorize annual rather than quarterly visits, but would allow more frequent inspection if deemed necessary. This change would reduce our costs while maintaining adequate enforcement.

I would now like to conclude my testimony and to summarize USDA's position on the proposed legislation. We believe that the proposal would improve the efficiency of the inspection of processed meat and poultry products without reducing its effectiveness. A less-than-continuous system of inspection would allow USDA to take full advantage of the product monitoring systems developed by industry and to base inspection on the known ability and willingness of each firm to comply with the meat and poultry inspection regulations. In many processing plants daily inspection is not only unnecessary but is also a misuse of inspection resources. We firmly believe that inspection could be accomplished just as effectively as it is today on a less-than-continuous basis. In the case of egg processing operations, we believe that inspection coverage of the shifts that do not break eggs can be safely reduced.

We also think that annual inspection of shell-egg handlers with good compliance histories is sufficient to ensure a safe and wholesome egg supply. Thus, the legislative proposal before you today provides a rational and realistic basis for the inspection of processed meat, poultry, and egg products and of shell-egg handlers, and we urge the Congress to adopt the proposal.

This concludes my statement, Mr.Chairman. I will be happy to answer any questions.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

NATIONAL ADVISORY COUNCIL ON CHILD NUTRITION TO MEET

WASHINGTON, Aug. 6—The National Advisory Council on Child Nutrition will meet Aug. 11-13 in Alexandria, Va., to develop the 1982 biennial report to the president and to the Congress. The meeting is open to the public.

The session will be held from 8:30 a.m. to 5 p.m. on Aug. 11 and 12, and from 8:30 to 11:30 a.m. on Aug. 13, at the Ramada Inn, 4641 Kenmore Ave. (Seminary Road East and I-395).

Council members are:

Alice G. Abreu, of Coral Gables, Fla., director of day care and neighborhood centers in Miami Shores, Fla.; Gloria L. Benjamin, Lancaster, S.C., director of school food service, Lancaster County Board of Education; Albert E. Bullock, Kensington, Md., a parent representative on the council, who has a private practice in children's dentistry; Charles Cole, of Austin, Texas, state director, school lunch and child nutrition programs, Texas Education Agency;

Annalee Taylor Ferrante, of Florence, Ky., a parent representative; Scott D. Greenberg, of Kensington, Md., a Walt Whitman High School student; Marian L. Greenblatt, of Silver Spring, Md., member, Montgomery County Board of Education; Richard J. Holder, coordinator, Fulton County schools, Atlanta, Ga.; Ann Hopton, of Louisville, Ky., dietary consultant for Humana, Inc.; Thomas P. Natale, of Peachtree City, Ga., a food service management specialist; Harold H. Negley, Noblesville, Ind., state superintendent of education;

Karen D. Patterson, of Dallas, Texas, a high school student; Rudolph Abenicio Salazar, of Gallup, N.M., principal of Indian Hills Elementary School; Mrs. Wilborn S. Swain, of Salisbury, N.C., a home economics teacher in Chapel Hill; and Dorothy VanEgmond-Pannel, of Annandale, Va., school food service director, Fairfax County Public Schools.

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USDA RELEASES STUDY OF TRANSPORTATION DEREGULATION ON AGRICULTURE

WASHINGTON, Aug. 9—The U.S. Department of Agriculture today released a report that assesses the impacts of nearly two years of rail and motor carrier deregulation on agriculture.

According to Martin F. Fitzpatrick, Jr., director of USDA's Office of Transportation, the study indicates an almost universal perception by agricultural carriers and shippers that the effects of the Motor Carrier Act of 1980, which deregulated the trucking industry, have been beneficial.

Fitzpatrick said that among the more significant effects of the Staggers Rail Act of 1980, which deregulated the railroads, are:

- more direct marketing from country points to points of use of grain;
- adjustments of facilities at country points to accommodate larger shipment sizes;
- more searching of routings, market outlets and origin territories by shippers and receivers to make sure that trade arrangements and relationships are efficient; and
- assumption of more risks by grain firms.

"Our team of researchers—which included USDA personnel and university economists from all over the country—gathered input from all agricultural interests," Fitzpatrick said. "They concluded that while there are some legitimate concerns about the freedoms given to railroads by the Staggers Act, there have been many positive effects.

"Because of the influence of other economic conditions, however, the bottom line is that it is too early to predict the ultimate effects of these changes on farmers and domestic and foreign consumers," he said.

The study, which is the first of its kind after almost two year's experience with deregulation, makes several recommendations, including:

- The Interstate Commerce Commission should expand the type and amount of information it releases on rail contracts, request the Congress to provide guidance in this matter, or assume the responsibility for ensuring that rail contracts are nondiscriminatory.

— Because of the complex nature of rail cost information needed by shippers in initiating cases of rail market dominance, there is need for an organization to perform the function of providing information to assist agricultural and other shippers in understanding and estimating railroad variable costs. The ICC, USDA, and other appropriate agencies should develop and distribute such materials. One possibility is to activate the Railroad Accounting Principles Board authorized by the Staggers Act.

— There remains considerable confusion regarding the legal position of small shippers to bargain collectively with railroads in negotiating a multiple-shipper contract. The USDA strongly believes that small and medium-sized shippers should be permitted to bargain collectively with railroads, and intends to ask the ICC and the Department of Justice for clarification of this issue.

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**USDA REPORTS WIDESPREAD OUTBREAK OF
VESICULAR STOMATITIS IN FOUR WESTERN STATES [1-2]**

WASHINGTON, Aug. 9—A widespread outbreak of vesicular stomatitis, a viral disease that causes blister-like lesions in cattle, horses, swine and sheep, is occurring in Colorado, New Mexico, Arizona, and Utah, a veterinarian with the U.S. Department of Agriculture said today.

"The virus disease is ordinarily short-lived and not fatal to the sick animal," according to William Buisch, director of emergency field operations for USDA's Animal and Plant Health Inspection Service.

"We are involved because vesicular stomatitis cannot be clinically distinguished from foot-and-mouth disease, a devastating foreign disease that does not exist in the United States," Buisch said.

"Therefore, USDA officials are investigating the reported cases to be certain that foot-and-mouth does not enter the country unrecognized.

"In dairy herds," Buisch said, "the loss of milk production may be a serious economic side-effect of vesicular stomatitis and, in some instances, mastitis may follow. Humans in the epidemic areas and laboratory workers have also become infected in the past."

Since early June, vesicular stomatitis cases have been investigated in cattle and horses on 18 ranches in Arizona, 16 in New Mexico, 9 in Utah and, most recently, 53 ranches in Colorado.

"We're investigating another 40-odd ranches and I expect to see some cases in Wyoming," Buisch said.

The disease generally reoccurs within a region every 10 to 15 years. In 1965, Colorado, Utah, Arizona and New Mexico reported about 250 infected herds. The last major nationwide outbreak occurred in 1966 in Texas, Colorado, New Mexico, Oklahoma, Utah, Mississippi and Arkansas.

Vesicular stomatitis most often occurs in low-lying areas, marshes, swamps and areas with slow-moving streams after periods of heavy rainfall and high humidity, Buisch said. These are ideal environments for high populations of insects and mosquitoes, which spread the disease. The reservoir for the virus is not known.

There are two distinct strains of vesicular stomatitis—the New Jersey and the Indiana strains. The current outbreak involves the New Jersey strain of the disease.

#

SUGAR IMPORT FEES REDUCED AS DOMESTIC PRICES RECOVER

WASHINGTON, Aug. 9—Import fees for both raw and refined sugar will be reduced by one cent per pound to 1.4193 and 2.4193 cents, respectively, effective Aug. 10. This is the second within-quarter fee reduction since the quarter began July 1.

Under Secretary of Agriculture Seeley Lodwick said the reduction is required under the terms of presidential proclamation 4940, which provides for a flexible import fee system responsive to changes in domestic sugar prices.

"Domestic sugar prices have increased from the low levels of last winter and spring, due largely to the steps taken by the administration in early May to improve and strengthen the support program," Lodwick said.

"At that time, world sugar prices were extremely low because of a world surplus, and U.S. imports were abnormally large," Lodwick said. "To keep domestic sugar in the market instead of having the government buy it under the price support program, we in May imposed import quotas and strengthened the import sugar fees system."

World prices remain very weak, he said.

In addition to regular adjustments at the beginning of each calendar quarter, changes are required whenever the 10-day average of the domestic spot price, quoted by the Coffee, Sugar and Cocoa Exchange in New York, exceeds the market stabilization price by more than one cent. The market stabilization price, currently 19.88 cents, reflects the support program established by the Agriculture and Food Act of 1981.

During the base period for the present adjustment, July 22-Aug. 4, the domestic spot price averaged 22.785 cents per pound, raw value. The next base period of 10 consecutive market days begins on Aug. 11. If domestic prices during the upcoming base period average 20.89 cents or more, a further one-cent fee reduction will be triggered.

#

EGG PRODUCERS TO VOTE SEPT. 3-27 ON AMENDING EGG ORDER

WASHINGTON, Aug. 9—Egg producers will vote Sept. 3-27 on whether to increase the assessment rate charged to all larger commercial table egg producers and to add consumer members to the American Egg Board.

The referendum will be conducted by mail following the U.S. Department of Agriculture's final decision recommending these changes in the national Egg Research and Promotion Order.

H. Connor Kennett, poultry official with USDA's Agricultural Marketing Service, said evidence gathered at a public hearing indicates the proposed changes are in the best interest of strengthening the egg industry's position in the marketplace.

"Adoption of the amendments will help to offset the detrimental impact of inflation and enable the board to sustain an effective level of research, promotion and education programs," Kennett said.

To go into effect, the changes must be approved by at least two-thirds of the producers voting, or by at least a majority of producers voting if they produced during the period April 1 through June 30, 1982, at least two-thirds of the commercial eggs of all those voting. If adopted, the changes would implement the 1980 amendments to the Egg Research and Consumer Information Act.

If the amendments are approved in the referendum, and then signed by the secretary of agriculture, all nonexempt commercial egg producers would be charged an assessment fee of 7-1/2 cents per 30-dozen case of eggs for the first 12 months following issuance of the regulations. The amendment provides for yearly increases thereafter of three-quarters of a cent until a 10-cent maximum rate is reached. The secretary of agriculture must approve each increase.

Assessment fees are used to finance research and promotion projects carried out under the order. Producers currently pay 5-cents per 30-dozen case of eggs.

Producers owning 3,000 laying hens or fewer are exempt from this fee, as are producers in Alaska and Hawaii, and those with flocks of hens primarily utilized for the hatching of baby chicks.

The other change adds two consumer members and their alternates to the current 18-producer member American Egg Board, the group responsible for administering the order. All board members and their alternates are appointed by the secretary of agriculture.

Janice L. Lockard and Michael S. Newborg, poultry officials of USDA's Agricultural Marketing Service, have been appointed by the secretary of agriculture to conduct the referendum.

All known eligible voters will receive ballots and instructions by mail. Eligible voters not receiving a ballot by Sept. 3 can get a ballot from a county office of USDA's Agricultural Stabilization and Conservation Service, or from the Director, Poultry Division, AMS, USDA, rm. 3932-S, Washington, D.C. 20250.

Notice of USDA's final decision and details of the referendum will be published in the Aug. 11 Federal Register.

#

USDA PROPOSAL WOULD SIMPLIFY CONDEMNED POULTRY CARCASS DISPOSAL

WASHINGTON, Aug. 9—The U.S. Department of Agriculture has proposed to eliminate a requirement for slaughter plants that poultry condemned for disease be kept separate from poultry condemned for other reasons.

Under the proposal, plants could keep all condemned poultry in the same container except that suspected of containing biological residues, said Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

Inspection regulations require condemned poultry to be made unfit for human consumption by rendering, incinerating, chemical denaturation or similar methods approved by FSIS.

Poultry condemned for biological residues must be incinerated or buried under USDA supervision, and this requirement would not be changed by today's proposal.

"Since diseased and nondiseased condemned products are handled in the same manner, the requirement is often restrictive and unnecessary," said Houston. "The proposal would allow plants to operate more efficiently." Product condemnation for non-disease reasons results from such occurrences as contamination, death by other than slaughter, decomposition and overscald.

Comments on the proposal will be accepted until Oct. 8 by the Regulations Office, Room 2637-S, USDA, Washington, D.C., 20250. The proposal is scheduled to be published in the Aug. 9 Federal Register.

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²⁴⁵ USDA SCHEDULES CHANGES IN SEED CONTROL FUNCTIONS [12]

WASHINGTON, Aug. 9—A U.S. Department of Agriculture official today announced details of a plan to consolidate five Federal Seed Act laboratories into a larger laboratory at Beltsville, Md., and to consolidate all responsibilities for regulating seeds that are shipped into the United States.

C.W. McMillan, assistant secretary of agriculture for marketing and inspection services, said the changes, to be made by Oct. 1, "will reduce operating costs and should improve program efficiencies."

Currently, USDA's Agricultural Marketing Service administers all provisions of the Federal Seed Act, including its import provisions. The Animal and Plant Health Inspection Service of USDA administers the Federal Noxious Weed Act, which controls noxious weed seeds imported into the United States in materials other than seed shipments.

McMillan said the planned changes will assign all import responsibilities to the Animal and Plant Health Inspection Service. The agency will handle most of this work at a North Brunswick, N.J., laboratory that will be transferred from AMS on Oct. 1.

U.S. customs officials will begin sending samples of all seed lots offered for importation to the North Brunswick laboratory on Aug. 16. "This will allow our inspectors to plan their work load most effectively and prevent delays in the entry of imports," McMillan said.

Effective Oct. 1, the current Agricultural Marketing Service seed laboratory in Beltsville, Md., will take on responsibilities for interstate seed shipments and service testing from laboratories that have been operating in Minneapolis, Minn.; Montgomery, Ala.; Sacramento, Calif., and North Brunswick. The facilities in Minneapolis, Montgomery and Sacramento will be closed at that time.

He said seed dealers and others needing USDA seed testing services should send samples to the Beltsville facility instead of other laboratories starting Aug. 16. The address is Federal Seed Laboratory, AMS, USDA, Bldg. 306, Beltsville, Md. 20705.

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245
**LEGISLATION TO BE SOUGHT FOR SALE OF SOME
NATIONAL FOREST LANDS [1-3].**

WASHINGTON, Aug. 10—A legislative proposal will be developed to give the U.S. Department of Agriculture's Forest Service new authority to sell excess lands carefully selected from the 191 million acres the agency administers.

Under existing authorities, only about 60,000 acres of national forest lands qualify for sale, Secretary of Agriculture John R. Block said today.

The proposal for new legislation will be part of the USDA legislative program for the 98th Congress, Block said.

As part of the president's federal assets management program, national forest system lands are to be placed in one of three categories. These categories consist of lands to be retained, lands meeting criteria for sale and lands requiring further study before deciding whether to retain or sell them.

The first category initially consists of some 51 million acres that are to be retained. It includes all congressionally-designated areas such as wilderness, wild and scenic rivers, national recreation areas and national monuments. After further review of other national forest system lands, substantial acreage will be added to this "retained" category.

The second category consists of lands which can be offered for immediate sale without additional legislative authority. Totaling 60,133 acres in 26 states, these lands have initially been identified as excessive to the needs and objectives of the Forest Service. Tracts convenient to urban and suburban areas where private or local government ownership would provide greater benefits than federal ownership are included in this category. Additions will be made to the category of lands meeting criteria for disposal after needed legislation is passed, Block said.

The remaining 140 million acres of national forest system lands have been placed in a category for further study. An initial review of the acreage in this category will quickly identify those lands which need more intensive study to determine whether they might qualify for sale once the needed legislation is enacted.

After the initial review, lands in this third category not identified for intensive study would be placed in the retention category.

Block said 15 to 18 million acres of national forest system lands are likely to receive this intensive study; they would include lands in scattered and checkerboard ownership patterns; portions of the national grasslands; other national forest areas with a low percentage of federal ownership; and certain other lands already under paid special use permit.

Block said opportunities exist to improve the use of certain lands and to reduce administrative costs. Block also indicated that

development of the legislation will require close coordination between the executive branch and Congress.

National Forest System Acreage Initailly Identified As Qualifying For Sale Under Existing Authority

Alabama	40	Nebraska	3
Arizona	3,923	Nevada	2
Arkansas	1	New Hampshire	1
California	22,701	New Mexico	40
Colorado	4,209	New York	13,232
Georgia	9,340	North Carolina	2
Hawaii	2	Oregon	1,227
Idaho	510	South Dakota	1,628
Indiana	324	Utah	503
Kansas	1	Washington	745
Maine	260	Wisconsin	160
Michigan	999	Wyoming	106
Minnesota	2		
Montana	172	TOTAL ACRES	60,133

#

USDA ESTABLISHES GRADE STANDARDS FOR KIWIFRUIT

WASHINGTON, Aug. 11—For the first time, U.S. Department of Agriculture grade standards will be available to aid in marketing kiwifruit beginning Sept. 9.

Charles Brader, a marketing official with USDA's Agricultural Marketing Service, said the voluntary standards establish quality requirements and will provide the rapidly expanding U.S. kiwifruit industry with uniform marketing guidelines. The Kiwifruit Growers of California and the California Kiwifruit Commission asked USDA to develop the standards.

Under the standards the grade names are U.S. Fancy, U.S. No. 1 and U.S. No. 2. Best quality fruit is mature, clean, well-formed and

carefully packed. Lower grades of kiwifruit are marked down for such things as bruises, discoloration, growth cracks, decay and internal breakdown.

USDA received 17 comments on the standards, which were proposed Nov. 20, 1981. The comments, some of which came from industry representatives, were generally favorable and suggested only minor editorial changes, Brader said.

The Agricultural Marketing Service develops grade standards and provides grading services for many agricultural products. Use of the grading services is voluntary and paid for by the user.

#

245 FIRE ANT MAY MEET ITS MATCH [1,2]3

BELTSVILLE, Md., Aug. 11 — A ~~new~~ new pesticide offers hope for defeating the fire ant, which attacks people and hampers farming on 230 million acres across the U.S. southland. Scientists at the U.S. Department of Agriculture said today the new fire ant control chemical has been developed and tested and may go on the market next year. They said the product is the payoff of a team effort by the USDA and the Stauffer Chemical Co.

Ever since the fire ant came to the U.S. from Argentina some 60 years ago, it has been spreading and thumbing its nose at conventional control methods. The colonies, in raised mounds of earth which house up to 50,000 ants each, interfere with farm machinery—especially in soybean fields—and the pests swarm on livestock.

But the fire ant is most infamous as a "people pest," often causing severe allergic reactions to its sting

Farmers have given up trying to control the fire ants, says USDA pesticide management coordinator Richard Dunkle, because most pesticides in current use lack residual action. Often, the survivors of a treatment produce stronger colonies.

The new chemical control is not just another temporary fix that kills on contact. It slowly disrupts the ants' social system, said its inventor, Meyer Schwarz, a chemist with USDA's Agricultural Research Service. Although it takes several months for ant colonies to disappear, he said,

most do disappear for good with virtually no adverse impact on the environment.

"It is not only a very promising chemical for controlling fire ants," said Schwarz, "it also fulfills all the criteria that modern pest management and environmental integrity require."

The reason:

2 MV-678, as the pesticide is known at Stauffer Chemical, which has an exclusive license to develop the product, is a synthetic chemical akin to the ants' own juvenile hormones. As such, it mimics nature.

The compound affects only insect systems—namely, the development and metamorphosis of insect larvae—and kills a very narrow range of insects.

Furthermore, the chemical is effective at very low dosages—less than 5 grams (one-sixth of an ounce) per acre, said Schwarz, who conducts his research here at the Beltsville Agricultural Research Center, part of USDA's Agricultural Research Service.

During long-term cattle and poultry feeding studies at Beltsville, the compound did not accumulate in the animals' tissues. Even at very high concentrations, the animals and their offspring showed no ill effects.

MV-678 also breaks down readily in the environment.

In the ant colony, however, the scene is quite different. In experimental trials, MV-678 has been most effective when baited with droplets of soybean oil and served by way of ground or aerial spraying with corn grits as a carrier.

Worker ants go foraging and gorge themselves, unaware of the danger. Then they return to the colony and regurgitate their harvest for other ants to partake, including the potential workers—the immature ants.

Although MV-678 degrades quickly outside the colony, it finds a haven inside the worker ants' fore stomachs and continues to interfere with the pest's development for months, said Clifford S. Lofgren, chief of the USDA research agency's imported fire ant research unit at Gainesville, Fla.

At first, a majority of the immature ants develop into nonworkers rather than workers. Later, said Lofren, whose group has been working with MV-678 since the mid-1970's, the ants simply don't develop at all.

Without new workers to gather the food and tend the brood, the society eventually crumbles.

If the first application doesn't finish the colony, a second application 5 or 6 months later will. Lofgren said USDA scientists abolished 80 to 90 percent of the colonies during several large-scale tests throughout the South with dual applications in spring and fall.

Schwarz invented MV-678 in 1974 as part of a major USDA thrust to develop insect juvenile hormone-like compounds as "third generation pesticides." He, along with USDA animal scientist Richard W. Miller and entomologist James E. Wright who did the initial testing, received a USDA patent on the compound.

Schwarz said Stauffer Chemical Co. had been interested in the compound from the outset and acquired the foreign patent rights.

Last summer, the company geared up plans to put the product on the U.S. market after Congress revised the patent law to allow commercial companies to gain exclusive licensing on certain federal patents. It is too costly for companies to develop and register pesticides without patent protection, Schwarz said.

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245
BLOCK NAMES JOHN J. FRANKE DEPUTY ASSISTANT
SECRETARY [1-3].

WASHINGTON, Aug. 12—Secretary of Agriculture John R. Block today named John J. Franke, a regional administrator of the Environmental Protection Agency, deputy assistant secretary of agriculture for administration.

The appointment will be effective Aug. 16.

Franke, a lifelong resident of the Kansas City, Kans., area, will provide leadership in administrative management and direct the office of operations, finance and management; office of administrative systems; office of information resources management; office of administrative law judges; office of personnel; office of minority affairs; office of small and disadvantaged business utilization; and board of contract appeals.

Franke, 52, has served as an elected member of the Johnson County (Kan.) Board of Commissioners since 1971. He was campaign manager for former Kansas Gov. Bob Bennett in 1978 and Sen. Bob Dole (R-Kans.) in 1974.

John Schrote, who had held the administrative post, resigned to become deputy director of White House personnel.

#

245 SCIENTISTS REDESIGNING ALFALFA TO HELP CUT SOIL EROSION [1-2]

ST. PAUL, Minn., Aug. 12—Scientists are redesigning alfalfa in Minnesota for use as an annual to enhance the plant's value in crop rotations, one of the nations best tools for maintaining soil productivity.

The new alfalfa, expected to be available to growers sometime in the late 1980's, also could be grown where land now is fallowed, plowed and left idle for a year. Such a vegetative cover would help prevent water and wind erosion of exposed land.

A major goal of the research team, led by Donald K. Barnes, plant geneticist with USDA's Agricultural Research Service, is to breed an alfalfa for use as an annual crop that, besides providing feed for livestock, will leave 150 pounds of nitrogen an acre when plowed down for the following year's crop of corn or small grain.

In limited field tests to date, the team has increased corn yields 11 percent as a result of nitrogen added to the soil by an experimental alfalfa grown as an annual.

Alfalfa is one of the most efficient legumes in capturing nitrogen from the atmosphere through rhizobium bacteria that live on the alfalfa root nodules.

The researchers are using as one of their primary tools a composite breeding line of alfalfa dubbed BIC-7 (Beltsville International Composite). It was developed by Barnes in the 1950s at USDA's Agricultural Research Center, Beltsville, Md.

Since then, Barnes and other USDA scientists have improved the plant's resistance to insects and disease.

BIC-7 contains diverse genetic characteristics from alfalfa grown in all major producing areas and is used by plant breeders worldwide. Of particular importance in the St. Paul studies are selections that can grow late in the fall.

Barnes said the plants continue producing nitrogen until the ground freezes, long after most other alfalfas have gone dormant.

Working with Barnes on the project are USDA plant physiologists Gary H. Heichel and Carroll P. Vance and University of Minnesota forage production scientist Craig C. Sheaffer. Sheaffer leads testing of the experimental alfalfas in different cropping systems and under varying tillage practices.

A selection, Mn BIC-7, was grown in rotation with corn. Corn yields then were compared with those from corn grown on land planted in unselected alfalfa and land that had been fallowed. Through this yield comparison, Sheaffer and his co-workers measured how much nitrogen was available for increased corn production following the experimental alfalfa from which all vegetative growth was plowed under.

The added nitrogen from Mn BIC-7 converted to 11 percent more grain and 7 percent more fodder than from corn grown on land planted previously to unselected BIC-7 populations. Sheaffer said the net returns from corn grown following Mn BIC-7 were 37 percent greater than those from corn grown on land fallowed the previous year.

Much interest has been expressed, team members say, by agricultural leaders and growers in areas where wheat and other small grains are grown following fallow, including the northern Great Plains and northwestern United States, as well as Australia.

The team now has several experimental lines of alfalfa designed for use as annuals and enough seed for testing.

Beginning in 1982, tests were established at four locations representing conditions prevalent in the Middle West. The lines have been bred and selected for large root mass, increased storage of nitrogen in the roots without sacrificing top growth, late fall growth and resistance to diseases and insects.

"We're after a delicate balance required in an alfalfa grown as an annual in crop rotations," said research team member Heichel.

"It must be suitable to growers as a forage for hay or silage during the cropping season; it also must have rapid regrowth after cropping,

and enough nitrogen in the roots and crowns, to provide a net gain of nitrogen to the soil for use by the next crop."

The best balance so far was realized when Mn BIC-7 was grown to one-tenth bloom stage, harvested for hay and allowed to grow until plowed under. "That management system is fine for providing a net gain of available nitrogen in the soil, but it still may not be satisfactory to growers from a cost-benefit standpoint," said Sheaffer.

"Rainfall permitting, it may be more practical in Minnesota to take two cuttings, one in July and one early in September, and then plow under regrowth that occurs after the second cutting to about middle October.

"Selection for more fall growth provides a distinct advantage for alfalfa for use as an annual."

#

USDA EXTENDS OPTIONAL LUNCH SERVING METHOD TO ELEMENTARY SCHOOLS

WASHINGTON, Aug. 13—Elementary schools can now use a school lunch serving plan that reduces food waste, cuts costs, and gives students greater choice in school lunch meals, Assistant Secretary of Agriculture Mary Jarratt said today.

The U.S. Department of Agriculture officially extended an optional serving, five-choice school menu plan, called "offer versus serve," to elementary schools under regulations published Aug. 13 in the Federal Register. The rule implements without change a USDA proposal issued in March.

Under "offer versus serve," children take at least three of the five foods which schools must offer in lunches to qualify for federal reimbursement: meat, milk, bread, and two fruits and/or vegetables. Schools are permitted flexibility in further choices.

USDA has required "offer versus serve" in high schools since 1975 and has made it optional for middle schools and junior highs since 1977. Now it is optional for elementary schools as well.

The plan is intended to reduce the amount of food wasted in the national school lunch program and therefore lower program costs, and

give local schools more flexibility in meeting minimum school lunch nutrition requirements, Jarratt said.

#

10 ARRESTED IN BALTIMORE FOOD STAMP INVESTIGATION

WASHINGTON, Aug. 13—Ten persons were arrested in Baltimore yesterday for trafficking in food stamps for heroin. Arrest warrants are outstanding for eight other suspects in the case.

U.S. Department of Agriculture Inspector General John V. Graziano and David L. Westrate, special agent in charge, Washington Division, Drug Enforcement Administration, announced the arrests today. The arrests climaxed an eight-month joint investigation by the USDA's Office of Inspector General, the Drug Enforcement Administration of the U.S. Department of Justice and the Baltimore City police department.

The task force was assisted by U.S. marshals in executing arrest and search warrants. U.S. Attorney J. Frederick Martz coordinated the joint investigation.

Graziano described the investigation, dubbed "Operation Stampout," as a "classic example of federal and local law enforcement agencies combining forces to successfully cope with criminal activity."

Graziano said the probe began last January when information was received that drug dealers in Baltimore were accepting food stamps for heroin. The people arrested are members of two separate drug dealer organizations, Graziano said.

One organization is believed to be headed by Melvin McDonald Stanford, 35, of the 3000 block of Arunah Avenue, Baltimore, who was arrested for illegally acquiring food stamps in exchange for heroin. In addition to Stanford, two members of Stanford's immediate family and seven other members of his organization were arrested or are being sought on similar charges. Search warrants were executed at five private homes and two retail groceries, Graziano said.

The other drug organization involved reputedly is headed by Robert Franklin Torain, who was arrested and charged with unauthorized

acquisition of food stamps in exchange for heroin. Torain, 22, lives in the 2700 block of Greenmount Avenue, Baltimore. Seven others, said to be members of his organization, were arrested or are being sought on similar charges. Search warrants were executed at four private homes in the Torain investigation. In addition, two juveniles believed involved with the Torain organization were arrested by Baltimore police.

Special Agent Westrate said, "This important case will have a significant impact on the availability of heroin in Baltimore."

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